

The Vice Governor of the National Bank of Serbia (NBS), Zeljko Jovic, stated today that Serbia overcame the crisis relatively well, caused by the covid-19 pandemic, and that the response of the NBS and the Government was timely, comprehensive and appropriate.

He said at the panel “Risks of the New Age - Two Years of Pandemic: Are New Business Models a Permanent Situation, What Risks They Carry and How to Overcome Them”, and said that this assessment also came from important international institutions such as the International Monetary Fund (IMF), World Bank, European Commission and credit institutions.

He pointed out that the restriction of the movement of goods and people was visible in the health conditions, and that this had significant consequences on economic activity. Jovic assessed that this had, mainly, a negative impact on the demand for goods and services, a reduction in the production of certain products, as well as a reduction in the possibility of providing certain services.

“We managed to increase production capacities as well as to preserve investment capital and consumer investment confidence and to prevent more lasting consequences. The NBS has taken some measures in the pandemic, such as reducing the reference interest rate, moratorium on loan repayment, changing regulations allowing the population easier access to sources of financing, introduction of a grace period, approval of dinar loans to small and medium enterprises on more favorable terms “, said Jović.

He reminded that the conditions of dinar borrowing and loan repayment were the most favorable so far, which enabled credit activity to record high growth rates.

As a result, in three quarters, after the shock caused by the pandemic, the economic growth rate was 6.4 percent, cumulatively.

“At the same time, the share of problem loans was further reduced to the lowest level of 3.3 percent in April. There was no deterioration in the quality of banks, they continued to support economic growth,” Jovic said.

He also reminded of the fact that due to the conflict in Ukraine, cost pressures have increased and the prospects for global economic growth have worsened, and above all it refers to the euro zone and the countries of the region with which Serbia, according to him, has significant trade and financial ties.

“According to our new projection, economic growth this year will be 0.5 percentage points lower than we had just before the outbreak of the conflict in Ukraine and will amount to between 3.5 and 4.5 percent,” he said.

He added that the medium-term prospects for economic growth have not changed and remain favorable with the projected GDP of four to five percent per year, assuming that geopolitical tensions will not escalate and that the supply of energy at the global level will not be interrupted, Novi Magazin reports.